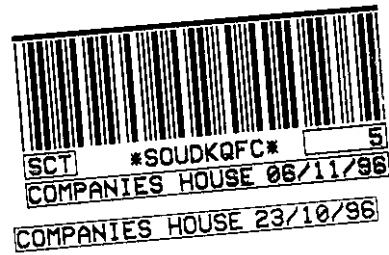


LLOYDS BOWMAKER RENTALS LIMITED

REPORT OF THE DIRECTORS AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 1996



SC 69104
Registered number 69104

LLOYDS BOWMAKER RENTALS LIMITED

DIRECTORS

D. A. Baggaley
P. F. Hook

REPORT OF THE DIRECTORS

The directors submit herewith the Balance Sheet at 31st March 1996, together with the Profit and Loss Account for the year ended on that date.

PROFIT AND DIVIDEND

The profit for the year is set out in the attached Profit and Loss Account. The directors propose payment of a dividend of £1,500,000 for the year.

PRINCIPAL ACTIVITY

The principal activity of the company is leasing.

BUSINESS REVIEW

Both the level of business transacted during the year and the year end financial position were satisfactory. The directors anticipate continuation of the current level of activity.

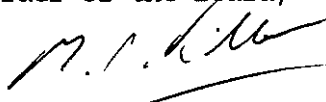
DIRECTORS

Mr A. G. Glass resigned as director on 31st December 1995 and Mr P. F. Hook was appointed on the same date. Mr D. A. Baggaley was a director throughout the year.

Neither of the directors held a beneficial interest in the shares of the company during the year. The interests of the directors in shares and options to subscribe for shares in other group companies were as follows:

	<u>At 31.3.96</u>		<u>Options granted during year</u>	<u>Options exercised during year</u>	<u>At 1.4.95 or date of appointment</u>	
	<u>Shares</u>	<u>Options</u>			<u>Shares</u>	<u>Options</u>
In the ordinary shares of 5p each of Lloyds Abbey Life plc:						
D. A. Baggaley	6,013	69,747	1,036	1,464	4,320	70,175
P. F. Hook	-	55,763	18,552	-	-	37,211

By Order of the Board,


M. P. KILBEE
Secretary
Edinburgh
11th October 1996

LLOYDS BOWMAKER RENTALS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit of the company for that year. In preparing those accounts, the directors are required to

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
TO THE MEMBERS OF LLOYDS BOWMAKER RENTALS LIMITED

We have audited the accounts on pages 3 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors
Albany House
58 Albany Street
Edinburgh EH1 3QR
11th October 1996

LLOYDS BOWMAKER RENTALS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
TURNOVER	2	12,702,674	14,397,725
OTHER OPERATING CHARGES		(3,430,758)	(4,295,395)
INTEREST PAYABLE	4	(7,098,500)	(7,340,134)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	2,173,416	2,762,196
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	(716,474)	(911,273)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,456,942	1,850,923
PROPOSED DIVIDEND		(1,500,000)	(1,800,000)
		(43,058)	50,923
RETAINED PROFIT BROUGHT FORWARD		178,388	127,465
RETAINED PROFIT CARRIED FORWARD		135,330	178,388

There are no recognised gains and losses other than the profit for the year and all operations are continuing.

The notes on pages 5 to 7
form part of the accounts.

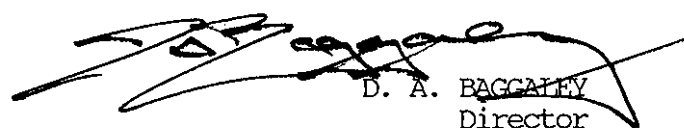
LLOYDS BOWMAKER RENTALS LIMITED

BALANCE SHEET

AT 31ST MARCH 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
CURRENT ASSETS			
Debtors: Due within one year	6	47,255,989	58,439,228
Due after more than one year	6	83,470,785	109,950,528
		<u>130,726,774</u>	<u>168,389,756</u>
CREDITORS: Amounts falling due within one year	7	(97,972,652)	(124,930,371)
NET CURRENT ASSETS		<u>32,754,122</u>	<u>43,459,385</u>
PROVISIONS FOR LIABILITIES AND CHARGES	8	(16,792,000)	(19,072,000)
ACCRUALS AND DEFERRED INCOME	9	(15,826,692)	(24,208,897)
NET ASSETS		<u>135,430</u>	<u>178,488</u>
CAPITAL AND RESERVES			
CALLED-UP SHARE CAPITAL	10	100	100
PROFIT AND LOSS ACCOUNT		<u>135,330</u>	<u>178,388</u>
SHAREHOLDERS' FUNDS		<u>135,430</u>	<u>178,488</u>

The notes on pages 5 to 7
form part of the accounts.


D. A. BAGCALEY
Director

LLOYDS BOWMAKER RENTALS LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounting Convention:

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempted from producing a cash flow statement since a consolidated cash flow statement prepared in accordance with Financial Reporting Standard 1 is included in the accounts of an intermediary holding company, Lloyds Abbey Life plc.

(b) Deferred Income:

Leasing income is credited to the profit and loss account over the period of investment in proportion to the level of net funds invested.

(c) Deferred Taxation:

Deferred taxation is provided at appropriate rates of corporation tax in respect of timing differences where there is a reasonable probability that such taxation will become payable in the foreseeable future.

2. TURNOVER

Turnover represents the amount of leasing income earned under instalment finance arrangements.

During the year aggregate receivables were £61,224,199 (1995, £62,385,463) and the cost of assets acquired was £18,562,208 (1995, £48,438,147).

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The following have been taken into account on arriving at the profit:

	<u>1996</u> £	<u>1995</u> £
Audit fee	<u>6,000</u>	<u>6,000</u>
Bad and doubtful debts credit	<u>(218,210)</u>	<u>(22,451)</u>
Directors' emoluments	<u>-</u>	<u>-</u>

4. INTEREST PAYABLE

On loan from intermediate parent company	<u>7,098,500</u>	<u>7,340,134</u>
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LLOYDS BOWMAKER RENTALS LIMITED

NOTES TO THE ACCOUNTS

5. TAXATION	<u>1996</u>	<u>1995</u>
	£	£
Current year:		
Corporation tax at 33%	2,992,407	493,029
Transfer (from) to deferred taxation	(2,280,000)	411,000
Notional taxation charge on regional development grants	4,067	7,244
	<u>716,474</u>	<u>911,273</u>
Previous year adjustments:		
Corporation tax	(493,029)	(21,341)
Group relief	493,029	21,341
	<u>716,474</u>	<u>911,273</u>

6. DEBTORS	<u>1996</u>		<u>1995</u>	
	Due within <u>one year</u> £	Due after more than <u>one year</u> £	Due within <u>one year</u> £	Due after more than <u>one year</u> £
Trade debtors:				
Rentals receivable under leasing contracts less provisions	47,185,321	83,470,785	58,073,845	109,950,528
Other debtors	14,266	-	13,241	-
Amounts owed by immediate parent and fellow subsidiary companies	56,402	-	352,142	-
	<u>47,255,989</u>	<u>83,470,785</u>	<u>58,439,228</u>	<u>109,950,528</u>

7. CREDITORS: amounts falling due within one year	<u>1996</u>	<u>1995</u>
	£	£
Amounts owed to intermediate parent company and fellow subsidiary companies	92,327,777	116,776,518
Trade creditors	549,767	5,177,089
Other creditors	274,015	662,394
Dividend proposed	1,500,000	1,800,000
Corporation tax payable	2,992,407	493,029
Group relief payable	328,686	21,341
	<u>97,972,652</u>	<u>124,930,371</u>

LLOYDS BOWMAKER RENTALS LIMITED

NOTES TO THE ACCOUNTS

8. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation:	£
Balance at 31st March 1995	19,072,000
Transfer to profit and loss account	<u>(2,280,000)</u>
Balance at 31st March 1996	<u><u>16,792,000</u></u>

The amounts provided at 31st March 1996 and 1995 were the full potential liabilities and were attributable to accelerated capital allowances.

	<u>1996</u>	<u>1995</u>
	£	£
9. ACCRUALS AND DEFERRED INCOME		
Unearned leasing income	15,823,356	24,202,147
Unearned insurance commission	<u>3,336</u>	<u>6,750</u>
	<u><u>15,826,692</u></u>	<u><u>24,208,897</u></u>

10. SHARE CAPITAL

Authorised:		
1,000,000 shares of £1 each	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>
Allotted, called-up and fully paid:		
100 shares of £1 each	<u><u>100</u></u>	<u><u>100</u></u>

11. APPROVAL OF ACCOUNTS

These accounts were approved by the Board of Directors on 11th October 1996.

12. PARENT COMPANIES

The company's ultimate parent company is Lloyds TSB Group Plc. A copy of its group accounts can be obtained from Lloyds TSB Group plc, Henry Duncan House, 120 George Street, Edinburgh EH2 4JH.

The company's intermediate parent company is Lloyds Bowmaker Finance Limited. A copy of its group accounts can be obtained from Lloyds Bowmaker Finance Limited, 51 Holdenhurst Road, Bournemouth BH8 8EP.